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ABSTRACT

A descriptive analysis was made of survey data collected on a sample of Work Incentive (WIN) Demonstration Program clients (i.e., mandatory welfare recipients who are required by law to register for employment and training as a condition of benefit receipt) participating in a special employment and training program called OPTIONS in Baltimore City, Maryland. Focus was barriers to employment for Aid for Dependent Children (AFDC) recipients. The sample consisted of 107 females and 15 males. Data indicated that both situational problems and program-induced barriers contribute to welfare dependency. Almost one-third of the respondents perceived labor force determinants, lack of experience and education as the major barriers. Situational problems revolving around time with children and transportation accounted for 38 percent of perceived problems. For a small minority of the sample, child care was a significant barrier, but clients had definite preferences regarding child care providers. Respondents indicated that these job characteristics are important: job performance, wages, and advancement chances. They said they would not accept minimum wage jobs with no benefits, if welfare, food stamps, and Medicaid were lost. Availability of the AFDC grant and in-kind benefits made a difference in willingness to accept minimum wage jobs. (YLB)

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Study of Barriers to Employment for WIN Mandatory Welfare Recipients

Margaret Boeckmann
Office of Welfare Employment Policy

The survey upon which this study is based was designed and conducted by graduate students at the University of Maryland School of Social Work under the direction of Mr. Kalman R. Hettleman and Dr. Roger Peterson. The author wishes to acknowledge the contribution of Mr. Hettleman, Dr. Peterson and their students to this study.

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Study of Barriers to Employment for WIN Mandatory Welfare Recipients

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Introduction

The following report presents a descriptive analysis of survey data collected on a sample of WIN Mandatory welfare clients participating in a special employment and training program, called OPTIONS, in Baltimore City. The focus of the survey is barriers to employment for AFDC recipients.

Past research has identified at least four clusters of factors as potential barriers to employment of welfare recipients:

1) Labor-force determinants, including low levels of education, no job skills and/or prior work history (O'Neill et al.);

2) Situational problems, or relatively unpredictable difficulties in an individual's life subject to considerable change over time, such as health, transportation, marital status, housing and child care (Gould-Stuart);

3) Program induced barriers which include disincentives to employment resulting from the particular structure of programs and their interaction with employment, (Hutchens, Levy); and

4) Client attitudes toward self and work in general (Goodwin, O'Neill et. al);

The focus of this study is the role of situational problems and program induced barriers to employment. Although most research on program induced barriers has focused on financial rather than in-kind program induced disincentives to employment in AFDC (Appel, Cain and Watts, O'Neill et at.), in this study an attempt is made to explore the role of Medical benefits as a barrier to employment.

The Sample

The population of interest in this study is WIN Mandatory welfare recipients, i.e. AFDC clients required by law to register for employment and training as a condition of benefit receipt. This population is composed of able-bodied, single parents whose youngest child is over 6 years of age, or the most employable individual in an AFDC-UP household. The

sampling frame consisted of clients who registered for OPTIONS, an employment and training program in Baltimore City, to meet the participation requirements of the WIN Program. A sample of 280 clients was randomly selected from the list of program registrants. Contact was established with approximately 130 clients resulting in 122 completed telephone interviews. The sample was drawn during the Fall of 1983 and the interviews were conducted shortly thereafter. While results from this study are suggestive, they should not be generalized to populations with different characteristics than a sample of WIN Mandatory AFDC recipients in Baltimore City. Currently, the University of Maryland School of Medicine, Department of Epidemiology, is conducting a statewide study of factors influencing length of time on AFDC. This study will include an analysis of employment barriers. It will be interesting to see how results from a larger, more representative sample compare to results from this limited study.

Sample Characteristics

The sample consists of 107 females and 15 males. Respondents are 62 percent black and 38 percent white. The average family size is 3.4. Single parent families make up 78 percent of the sample. Thirty percent of the respondents are high school graduates and 7 percent had some college education. In terms of their labor force status, 76 percent are unemployed, 11 percent employed full-time and 13 percent employed part-time. Only 11 percent of the sample had never worked.

Client Perceptions of Employment Barriers

For 31 percent of the respondents, lack of work experience is their biggest problems when looking for a job (see table 1). For 20% of the respondents their biggest problem is finding a job which allows them to spend time with their children. For 18% of the respondents the biggest problem is transportation which is closely followed by the pay which the job offers. Thus, labor-force determinants, lack of experience and education, are perceived to be the major barrier to employment by almost one third of the respondents. However, situational problems revolving around children and transportation account for 38% of respondents perceived problems when looking for a job. Salary, while important, is the major employment barrier for only 16% of the respondents.

TABLE 1

MAJOR PROBLEM WHEN LOOKING
FOR A JOB
(N=119)

Problem	Frequency
Lack of Experience	31%
Job Allows Time With Children	20%
Transportation	18%
Job Pays Enough	16%
Education	2%
Other	12%

In a separate series of questions clients were asked whether they had specific problems preventing them from working. The results from these questions follow:

Problem	Percent Responding (N=108)
Health Problem	19%
Transportation Problem	16%
Lack of Clothing	16%
Day Care	16%

Child Care

Since child care frequently is mentioned as a problem for welfare recipients attempting to become self-sufficient, a series of items relating to the care of children was asked. At the time of the interview, most respondents did not have child care needs. However, of those respondents who used child care (29% of the sample), 50% used a relative, 20% used licensed day care and 17% used a friend or a neighbor. When respondents not currently using child care were asked if they would need child care services in order to work or participate in work training activities outside the home, a full 50 percent said they would not. When asked whether there were any child care services they would not use under any circumstances, 26 percent of the respondents indicated that there were. The following is a list of responses to this question.

CHILD CARE SERVICES CLIENTS WOULD NEVER USE

Service	Frequency of Response
Stranger	6
A day care center	5
Unlicensed home	2
A male	2

In addition, 46 percent of the respondents indicated that they would be unwilling to use day care provided in the home of a welfare mother. Finally, sixteen percent of the respondents said that at some time they had not taken a job because they could not make good child care arrangements.

Job Characteristics as a Barrier to Employment

Welfare recipients are characterized by low levels of education and frequently have little work experience; consequently, they tend to find secondary labor market jobs, when they find jobs at all. Since secondary labor market jobs are low paying jobs with few benefits and virtually no potential for advancement, they may not provide an attractive alternative to welfare for many recipients.

In order to determine what job characteristics are considered important to welfare recipients, a series of questions related to this topic were asked (see Table 2). The most frequent response was that the job be permanent. When asked to select the most important factor in job selection, from a list of items, half the respondents singled out permanence. The second most frequently selected response was wages, with 16% of the respondents selecting it. Fifteen percent of the respondents selected advancement chances as the most important factor in job selection. Surprisingly, only 10 percent of the respondents singled out medical benefits as the most important factor in job selection.

TABLE 2

MOST IMPORTANT FACTOR IN JOB SELECTION
(N=115)

Response	Frequency
Job Be Permanent	50%
Wages	16%
Advancement Chances	15%
Medical Benefits	10%
Not Sure	5%
Something Else	4%

Of course, the wording of the question is such that it requires the respondent to single out the most important factor to consider in taking a job. Thus, while other factors may be important, they may not be the single most important factor. However, it may also reflect the fact that respondents do not expect much from private health benefits. Only 24 percent of the sample thought that health benefits from a private job would be better than Medicaid while 30 percent thought they would be worse.

Respondents also were asked to indicate which of the following factors was least important in considering a job: wages, medical benefits, chances for advancement and job permanence. The following table gives the response frequencies to this question:

TABLE 3

LEAST IMPORTANT FACTOR IN JOB SELECTION
(N=120)

Response	Frequency
Not Sure	27%
Advancement Chances	24%
Medical Benefits	23%
Wages	12%
Job Be Permanent	11%
Something Else	2%

While responses to this item confirm the relative importance of job permanence to this sample, the reality for welfare recipients in general is that jobs tend to be short term and highly unstable. However, of the 29 respondents (24 percent of the sample) employed at the time of the interview, 22 or 76 percent thought their job was going to be permanent, even though 73 percent had been employed for less than a year.

Benefit Receipt as a Barrier to Employment

An attempt was made to determine clients' perception of the trade off between welfare and work, and the wage levels required to make work a viable alternative to welfare receipt with other in-kind benefits taken into account. A series of items presenting various scenarios with different wage levels and welfare benefit packages was presented to respondents.

TABLE 4

Willingness of Non Working Respondents to Accept A Job With Various Wage, Job Benefit and Program Benefit Combinations (N=104)

	Condition	Unwilling to Accept	Willing to Accept
I.	Minimum wage job with no benefits; no AFDC no food stamps, no Medicaid	66%	27%
II.	Minimum wage job with no benefits, no AFDC, no food stamps, with Medicaid	28%	64%
III.	Minimum wage job with no benefits, some AFDC, food stamps and Medicaid	7%	87%
IV.	$5.00 an hour job with health insurance, no AFDC, food stamps or Medicaid	7%	86%

When asked if they would accept a minimum wage of $3.35 for 40 to 50 hours a week with no benefits if it meant losing welfare, food stamps and Medicaid, 66 percent of the non-working respondents said they would not. In contrast, when asked if they would accept a minimum wage job with no benefits if they could keep part of their welfare grant, food stamps and Medicaid, only 7 percent of the non-working respondents said

they would not. Clearly, availability of the grant and in-kind benefits make a difference in willingness to accept minimum wage jobs.

To determine how important medical assistance is to clients, they were asked if they would accept a minimum wage job with no benefits if they could keep their Medicaid but would lose food stamps and their AFDC grant. Twenty-eight percent said they would not. Thus, the availability of medical assistance reduced by 38% the number of non-working respondents who would be unwilling to accept a minimum wage job in the absence of job related fringe benefits, AFDC benefits and food stamps. (Condition I compared with Condition II in table 4.) Finally, respondents were asked if they would be willing to accept a $5.00 an hour job that offered health insurance but meant they would lose their welfare grant, food stamps and medicaid. Only 7 percent said they would not.

Another series of questions asked respondents to specify the lowest hourly wage they would accept under various conditions of benefit receipt. When asked to specify the lowest hourly wage they would accept under conditions of no job benefits and no welfare benefits, food stamps, or medical assistance, 28 percent of the non-working respondents said between $5.00 and $7.00 per hour (see table 5). Although, 27 percent of the non-working respondents were willing to accept between $3.35 to $4.00 per hour with no benefits from the job, 64 percent would accept this wage if they could keep some AFDC, food stamps and medical assistance. Clearly, in-kind benefits such as food stamps and medical assistance are important to respondents and loss of these benefits constitutes a barrier to employment at low wages.

TABLE 5

LOWEST ACCEPTABLE HOURLY
WAGE WITH NO JOB BENEFITS

Wage	No AFDC F.S. or M.A. (N=82)	Some AFDC F.S. and M.A. (N=110)
2.00-3.30	0%	4%
3.35-4.00	27%	64%
4.05-5.00	17%	16%
5.05-7.00	28%	7%
Over 7.00	15%	2%
Not Sure	13%	7%

Characteristics of Employed Respondents

One third of the employed respondents were still receiving AFDC at the time of the interview and 40 percent were receiving food stamps. The modal hourly wage was between $3.35 and $4.00 per hour. When asked whether they were doing better with a job than when they were just receiving welfare and food stamps, one third of the employed clients said no and one third indicated they were doing a little better. Only 27 percent of the employed respondents said they were doing a lot better then when they were just receiving welfare and food stamps.

Half the employed respondents said their jobs provided medical benefits. Respondents receiving benefits from the job were asked to compare them with medical assistance. Twenty percent indicated that the benefits were better, while over 50 percent said they were not as good.

Summary

The overall impression from these data are that both situational problems and program induced barriers contribute to welfare dependency. The data show clients to be cognizent of the trade offs that must be considered when choosing employment over welfare. This is consistent with prior research which indicates that the goal of getting off welfare is less important to recipients than the goal of attaining an adequate income (Chrissinger). The unfortunate reality, based on the small sample of employed clients, is that working welfare recipients can expect low paying jobs with a 50 percent chance of receiving health benefits which are not perceived to be as good as medical assistance. However, it is encouraging to note in light of recent legislation extending the length of Medicaid coverage after employment, that a substantial number of respondents would accept employment if their medical assistance were to continue. Unfortunately, unless a job has the potential for benefits once the Medicaid time extention has elapsed, the person will once again be without medical benefits.

Responses from the child care questions suggest that for a small minority of the sample child care is a significant barrier to employment. For 16 percent of the sample, child care was identified as a problem preventing them from working. In addition, 16 percent of the sample reported that at some time in the past they had not taken a job because of problems with child care. Although 29 percent of the sample already had child care provisions and 50 percent said they would not need child care in order to work outside the home, 17 percent said they would need child care services in order to participate in work or training activities outside the home. Since our sample is from a population with relatively few children under school age, the small percentage of respondents expressing a need for child care is not surprising.

However, a more representative sample of AFDC recipients in general is likely to have a greater need for child care. Another observation to be made from these data is that clients have definite preferences regarding child care providers. They prefer to place their children in the care of people they know, i.e. relatives and friends.

The policy implications from this study are that employment and training programs for welfare recipients must provide the services necessary for clients to overcome situational problems. In addition, jobs must be developed with some degree of permanence and benefits. Although wage is important, it appears to be not as important as other job related characteristics. Thus, although 66% of the clients asked would reject a minimum wage job providing no fringe benefits with no welfare benefits, 86 percent say they would accept a $5.00 an hour job with health insurance but no welfare grant, food stamps or medical assistance (see table 4).

Conclusion

Welfare recipients are willing to work if the job provides a degree of security (permanence), some benefits and at least minimum wage. In rational decision making, employment must be perceived as beneficial and as "secure" as welfare.

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